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ABSTRACT

Viewpoints about world economic problems and descriptive and prescriptive views on the treatment of related controversial issues are presented. Following a section describing three types of controversial issues (issues of fact, causation, and values), the paper is arranged into six sections, each dealing with an aspect of the world economy with particular emphasis on economic development and militarization. These sections are concerned with the division and grouping among the nations of the world; the distribution of wealth among and within nations; the requisites for economic progress; relationships between more developed countries (MDC's) and less developed countries (LDC's); militarization, the arms race, and the arms burden; and the consequences of peace. Following each section is a suggested list of factual, causal, and values issues. In addition, the paper presents a brief discussion on the status of American education (with respect to world problems), a rationale for encouraging controversy in the classroom, and suggestions for managing controversy in the classroom. The document concludes that while the United States and other MDC's have a powerful influence on the world economy, a major responsibility for economic progress lies within the LDC's. Moreover, global education is prescribed as necessary for alleviating ignorance of world economic problems. (LH)

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AMERICAN EDUCATION AND THE WORLD ECONOMY:
CONTROVERSIAL THEMES

by Irving Morrisett

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Introduction

In a speech before a group of international bankers in Miami, Florida, two weeks ago, former Chancellor Helmut Schmidt of West Germany stated that United States leaders have "little comprehension of the depths of economic problems of the rest of the world and view(ed) economic issues mainly through the prism of politics." He said

I have studied the speeches of President Reagan, Walter Mondale, Gary Hart, and Jesse Jackson, and they fail to address the economic problems of the world. Even Paul Volcker and Marty Feldstein use domestic arguments when talking about the world economy.

The world economy is in a big mess... (and) United States citizens...don't understand it (New York Times, 1984).

This foreign view of U.S. leaders and American citizens is, regrettably, all too true. Domestic political considerations heavily color the views and actions of our political leaders such that, because of politics or ignorance, or a combination of the two, they indeed "fail to address the economic problems of the world."

Citizens, educators, and students, while not necessarily sharing the political motivations of politicians, fully share their ignorance. That ignorance is due in part to their being misled by their politically-motivated leaders, and also, importantly, to the insularity of Americans. We live in a big country, which we have viewed historically as being largely self-sufficient--economically, politically, and socially. We find the troubles of the rest of the world to be inconvenient and irritating, especially when we have to send our soldiers abroad to help shape up the rest of the world, although we do feel occasional twinges of guilt because we are so well off.

Since World War II the U.S. has turned outward more than in the past. Important economic contributions were made to the rebuilding of the economies of western Europe that had been damaged or shattered by the war. But the wartime allegiance of convenience with Russia quickly turned to deep hostility, nurtured by or acquiesced in by politicians at all levels, by many citizens, and by many educators. U.S. support of international agencies, especially peacekeeping agencies, never very strong, diminished as Third World nations multiplied, bringing increasingly divergent and critical views into international agencies. U.S. foreign policy became more and more unilateral, with increasing reliance on military threats

against our enemies and economic and military aid to induce the cooperation of friends and the neutrality of others. These policies have become even more militaristic, unilateral, and stringent in recent years, bordering on sabotage of the United Nations and other international agencies.

All of this has had an impact on American citizens and American education. To a modest extent, we are more oriented to the rest of the world and to world problems than we have been in the past. But this orientation is highly colored by the strong East-West polarization that has been constructed with a high degree of cooperation between Russian and American leaders. This polarization contributes to simplistic thinking about problem solutions. It is so easy and tempting to think of problems, especially complex ones, in terms of white knights and black knights, heroes and villains, cowboys and Indians, the FBI and the Mafia, the CIA and the terrorists, good guys and bad guys--and we always know who the good guys are. Thus much of the thinking of Americans, educators, and students about world problems, including the world economy, is characterized strongly by simplistic thinking about democracy and dictatorship, capitalism and communism, friends and enemies, rich and poor--and even more strongly are American thought and education characterized by ignorance and neglect of world problems.

Plan of This Paper

This paper has two major thrusts. One is the presentation of a fairly substantial amount of substantive information and viewpoints about world economic problems. The second is the presentation of descriptive and prescriptive views on the treatment of controversial issues that may arise out of the substantive material.

Before starting with the substantive material, it is necessary to explain the structure of the questions that follow each substantive section. The following section therefore describes the three types of controversial issues that will be posed--issues of fact, causation, and values. Following this brief section are six sections, each dealing with an aspect of the world economy, with particular emphases on economic development and militarization. These sections are concerned with the divisions and groupings among the nations of the world--How Many Worlds?; the distribution of wealth and income among and within nations; the requisites or requirements for

economic development; relationships between and among the rich and poor nations; militarization; and the consequences of peace. Following each section is a suggested list of factual, causal, and values issues, many of which are suggested by the substantive presentation.

Next there is a brief section on the status of American education, especially with respect to world problems, then a section on why controversy should be encouraged in the classroom, another section on the management of controversies in the classroom, and finally some brief concluding remarks.

For a very large part of the substantive content of this paper, I am indebted to my colleague at the University of Colorado, John Powelson, who co-authored the two books that are the major references for this paper and who took time to discuss with me issues on which he is an expert and I am a novice.

Types of Controversy

It is useful to recognize three types of controversy. The following examples of controversial issues focus on the subject of this paper.

Controversies of fact. How widespread is malnutrition in the world? How do incomes of poor agricultural countries compare with those of rich industrialized countries? Is the income gap between rich and poor nations increasing?

Controversies of causal relationships. Is it true, as spokesmen for the poor countries have said, that "We are poor because you are rich"? Is it beneficial or harmful for a transnational corporation operating in a poor country to pay wages far above prevailing wages? Will the economy of a less developed country be helped or harmed by encouraging domestic industries to produce goods that will supplant imports?

Controversies of values. Should import restrictions be lowered, thus benefitting domestic consumers at the expense of domestic workers? Should transnational corporations be required to hire domestic workers who are less capable than foreign workers? Should the giving of foreign economic aid be contingent on the political structure of the recipient country?

These examples illustrate the very different kinds of questions that arise, and suggest ways of treating the three types of controversy. Controversies of fact require finding and evaluating data. Controversies of causal relationships require the testing of hypotheses. Controversies of

value require the clarification of the values of individuals and the application of these values to specific problems. The three types of controversy are hierarchical. The investigation of causal relationships depends heavily on knowledge of the facts. The treatment of value issues cannot be productive or go far without knowledge of the facts and of causal relationships.

The three types of issues also influence each other. Facts may be seen in different ways, according to preconceived causal relationships. Judgments about both facts and causal relationships may be biased by the values of individual investigators.

While facts, causal relations, and value issues may all be subjects of controversy, the controversies become more intense as one moves from facts to causal relationships to values issues.

How Many "Worlds"?

Reference to "the Third World" usually implies that a group of nations including the United States and another group of nations including the Soviet Union form the First and Second Worlds, while the Third World is made up of the rest of the nations. The group including the U.S. encompasses nations that are industrialized and democratic, with high living standards, and with military ties to the U.S. The group related to the Soviet Union includes nations that have Communist or socialist governments, are highly or moderately industrialized, and have military ties to the Soviet Union.

The "rest of the world" is not as homogeneous as the term "Third World" might imply. Most of these countries are poor, but the poverty levels vary from desperate to moderate; and the Third World may also include nations that are approaching the status of the wealthier industrialized nations.

When nations are divided into "East" and "West," the allusion is usually to the military confrontation between the U.S. and its allies, on the one hand, and Russia and its allies, on the other. The division of the world into "North" and "South" is usually tantamount to "Rich" and "Poor," with the Rich corresponding to the First and Second Worlds taken together, and the Poor corresponding to the Third World.

All of these divisions, while useful, are very rough classifications, subject to change. It would be easy and occasionally useful, to define

four, six, or still more worlds. The major division to be used in this paper is the common one between More Developed Countries--MDCs--and Less Developed Countries--LDCs. But this division, while convenient for many purposes, obscures the important presence of countries that are moving or have moved away from the LDC toward the MDC category.

One group bridges that gap. Japan, a LDC only 50 years ago, is a MDC today; Taiwan, Hong Kong, and Singapore are not far behind. The People's Republic of China, South Korea, and possibly North Korea, will doubtless be MDCs by the end of the century (Loehr and Powelson 1981, p. 381).

Another important issue concerning the various "worlds" is the matter of whether and to what extent they act together. There are many international organizations, most of them formed for either military or economic purposes, or some combination of the two. They range from formal organizations with some (limited) power to force adherence to group decisions to very loose-knit organizations with only lip service to the accomplishment of common goals. They may be held together by commonality of interests or by military or economic pressure of a major power or of the group. NATO and the Warsaw Pact countries are formal organizations tightly bound for military purposes. At the other extreme is the "Group of 77," a very loose organization of LDCs formed in 1964 to improve their position vis-a-vis the MDCs; while retaining the original name of "Group of 77," this body now includes more than 120 members. In between these two extremes of size and purpose are many international organizations formed for some combination of military and economic purposes, with greatly varying degrees of unity and life-span, including General Agreement on Tariffs and Trade (GATT), European Economic Community, Council of Europe, Organization for Economic Cooperation and Development (OECD), Organization of African Unity, Organization of American States (OAS), Organization of Petroleum Exporting Countries (OPEC), Organization of East Caribbean States, European Atomic Energy Commission, European Council for Nuclear Research, European Payments Union, European Free Trade Association (EFTA), and European Coal and Steel Community.

Since income distribution between and among the various "worlds" is a major concern of this paper, that subject will be taken up next, following a listing of questions that could arise in connection with definitions of the various groupings of nations just considered.

Factual Issues

To what extent do poor nations recognize their mutual interests and act in concert?

To what extent do nations of the Eastern bloc recognize their common interests and act in concert?

To what extent do nations of the Western bloc recognize common interests and act in concert?

Causal Issues

What holds the poor nations together in the various organizations they have formed? Mutual sympathy? A belief in the efficacy of such organizations, as opposed to world-wide organizations? Or what?

What holds the nations of the Eastern bloc together? Fear of Russia? Fear of the Western bloc? A belief in economic advantages? Or what?

What holds the Western bloc together? Fear of the U.S.? Fear of the Eastern bloc? A belief in economic advantages? Or what?

Values Issues

Should individuals and nations work toward creating broader-based or worldwide organizations, with greater resources and power, to solve economic, political, and military problems?

Should rich nations enter into international arrangements that are clearly to their net economic disadvantage, in order to aid poor nations?

Should individuals support international organizations of which they approve, when the organizations are in disfavor with their own government?

The Status of World Wealth and Income

While the words "wealth and income" are often used in describing the economic status of individuals, families, and nations, the focus is usually on income rather than wealth. To a large extent, this is because statistics are much more plentiful for income than for wealth. Wealth may refer to any combination of money, capital (in the economic sense of productive equipment), valuable objects (gold, jewels, works of art), and natural resources, and sometimes including human resources. Wealth is seldom measured. Income is measured continuously and meticulously, if not always accurately, for nations and individuals, by national and international

agencies. And there is no doubt a high correlation between wealth and income, since income generates wealth and wealth generates income.

All international comparisons of income show a vast dispersion among nations. Citing World Bank statistics for 16 MDCs and 40 LDCs, Loehr and Powelson (1981, pp. 83-85) show a range of 1977 per capita GDP (gross domestic product) from \$140 for Burma to \$9,340 for Sweden. (The U.S. figure was \$8,750; the West German, \$8,620. Kuwait, which I have excluded from this analysis, had per capita GNP of \$12,690.) Among the countries included in the MDCs, the lowest figure was \$2,100 for Yugoslavia. Among the LDCs \$3,190, for Gabon, was the highest. Thus the ranges for MDCs and LDCs, according to this analysis, are not only very wide but also overlap.

Most international comparisons of per capita income say little or nothing about income distributions within nations, but such information is of great interest to Loehr and Powelson (1981 and 1983), both for its welfare implications and for its relationship to economic development. Using the Gini Coefficient of Inequality--which would be zero if income were equally divided and 1.00 if one person had all the income--they present the following measures:

	<u>Gini Coefficient</u>	
	<u>Average</u>	<u>Range</u>
16 MDCs	.39	.31 (Japan) to .52 (France)
40 LDCs	.51	.27 (S. Korea) to .76 (Peru)

Thus income inequality is seen to be much greater in LDCs than in MDCs, although there is great dispersion within each of the two groups.

Another aspect of economic welfare, related to the distribution of income, is the percentage of "absolute poor" in each country, defined by the World Bank as persons whose income will not buy the minimum food, clothing, and shelter required to stay alive and in adequate health. In the worst condition by this measure is a group of 26 African countries south of the Sahara, showing an average of 59 percent "absolute poor." This compares with an average number of "absolute poor" in the 20 OECD countries of less than 5 percent (Loehr and Powelson 1981, pp. 88-89).

Income figures are probably the best single indicator of the welfare of nations and individuals, but the correlation between income and other aspects of human welfare is not perfect. A Physical Quality of Life Index developed by the Overseas Development Council is based on life expectancy,

infant mortality, and literacy. The lowest possible score on this scale is one, the highest is 100. By this measure, all of the 37 African nations south of the Sahara have an average index of 27, while the 20 OECD countries average 94. The index for the U.S. is 97, and for Norway, 99.

An interesting question, on which little information is available, is whether great income inequalities among nations have always existed to anything like the present extent. Some who have given thought to this question have guessed that differences were much less in the past:

In 1750, per capita incomes in Europe and North America were not greatly different from those in Asia, Africa, and Latin America, though they may have been somewhat higher. Since then, however, the industrial revolution and technological advances have raised per capita incomes in (advanced) countries to levels far above those in LDCs (Ingram, p. 375).

(It also seems likely that income inequality within nations has always been great, possibly approximating that of today's nations that have the greatest inequality.)

In view of the patent fact of very unequal economic development of nations in the last century or two, the causes and conditions of economic development take on great interest and are dealt with in the next section after the following questions.

Factual Issues

How large is the income gap between rich and poor countries?

Historically, how large has this gap been--two hundred years ago? a hundred years ago? in the 1950s (when many international organizations were formed to improve the world economy)?

What countries have improved their economic lot the most since World War II? What countries the least?

How do income distributions within the rich nations and the poor nations compare?

How has income distribution changed in different countries as average per capita income has grown?

(Since this section deals mainly with facts, causal issues and values issues are not suggested.)

The Requisites of Economic Progress

There are no precise and reliable models for how development can take place, but there are some well-defined conditions that historically have seemed to facilitate or hinder development. These conditions need to be considered in a broader context than is often used in the study of economic progress. Social, political, and institutional factors are at least as important as the usual economic variables of capital, labor, technology, and money.

According to Loehr and Powelson (1981, pp. v-vi, 361-72), there are five political or social conditions that have facilitated the economic development of today's MDCs and which are probably pertinent to the development of the LDCs.

1. The first condition is freedom from excessive restrictions on the population and on economic activity, such as serfdom, heavy taxes, restrictions on external and internal trade, restrictions on occupational choices, and monopoly.

2. The second condition is defined by Loehr and Powelson as a "balance of leverage," which I interpret to mean a pluralistic society, in which the contributions to production of all segments of society are recognized as useful and some consideration (not usually equal consideration) is given to the rights and needs of all segments. Inequality of income is likely to decrease as a society moves to a "balance of leverage," and this decrease may contribute to economic progress.

3. The third condition is the development of a social fabric that has continuity, so that institutions of trust such as respect for contracts and credit arrangements develop, permitting long-term plans for productive activities to be carried out.

4. The fourth condition, which perhaps should be the first, is freedom from endemic warfare. While the last two or three centuries of unprecedented economic growth in the Western world have seen scores of devastating wars, there has been much less of the kind of continuing internal strife that characterized the 13th and 14th centuries and more periods of prolonged internal peace.

5. The fifth condition is an interest on the part of political leaders in material wealth, rather than exclusive emphasis on power. While the desire or lust for political power has always been characteristic of

political leaders, that desire has, in industrialized countries, been tempered by the more material desire for economic betterment, which may at times temper the drive for political power.

Loehr and Powelson (1981, pp. 10-15) also posit a set of characteristics of individuals--citizens, not just rulers--that seem to facilitate economic development. These include willingness to take risks, a proclivity for valuing future income without excessive discounting of it, and an ability to see the future with some clarity, which requires some confidence in rational cause and effect rather than beliefs in a future determined by gods, magic, or pure chance.

The absence of any of the conditions listed above as facilitators of economic development can logically be taken to inhibit economic growth. But Loehr and Powelson hold that an additional set of growth inhibitors are many of the actions taken by LDCs and abetted by MDCs in recent decades, having the purpose of enhancing economic growth but actually having the opposite effect. Since this analysis concerns both MDCs and LDCs, it can best take place in the context of the following section on relationships between MDCs and LDCs.

Causal Issues

How and to what extent do political structures (democratic, socialist, communist, autocratic) affect economic welfare and progress?

Is external capital necessary for economic development?

Are extremes of income distribution conducive to, or detrimental to, economic welfare and progress.

How and to what extent do social structures (dualistic, equalitarian, family- or clan-oriented) affect economic welfare and progress?

How and to what extent do ideologies (religious, philosophical, dynamic, fatalistic) affect economic welfare and progress?

Values Issues

If income inequality is conducive to economic progress (for example, because it permits greater total national savings by wealthy persons), to what extent, if any, should income inequality be tolerated?

If income equality is conducive to economic progress (for example, because it makes workers more productive), to what extent, if any, should income redistribution measures be taken?

Should measures to stimulate economic progress be encouraged or taken, at the expense of undermining traditional values related to social or religious beliefs?

Relationships Between MDCs and LDCs

MDCs have made three kinds of "contributions" to LDCs. They have in the past stolen vast quantities of land and other resources, killed or enslaved millions of inhabitants, and destroyed cultures. Most of these relationships have disappeared with colonialism, leaving a legacy of destabilized societies, hatred, and suspicion. These sins of the past are not a subject of this paper, except as they affect present relationships among nations, particularly with respect to economic relationships and efforts at economic development. The focus here is on the second and third kinds of contributions that have been made by MDCs to LDCs: the passive lending of technology in its broadest sense, wittingly or unwittingly, to LDCs, and active assistance given to LDCs, for whatever motives of charity or self-interest.

The president of Tanzania, Julius Nyerere, made a statement before the United Nations in 1975 that sets the stage for much of the discussion about economic development and the relationship between MDCs and LDCs:

"I AM POOR BECAUSE YOU ARE RICH."

Implications that might be drawn from this statement are many and debatable:

MDCs have exploited the LDCs, enriching themselves and impoverishing the LDCs.

MDCs have inhibited the economic development of LDCs.

Morally, MDCs owe some recompense to LDCs.

Loehr and Powelson, while not denying past transgression against the LDCs, take little stock in the idea that MDCs have enriched themselves at the expense of LDCs, although they are generous in placing blame on both MDCs and LDCs for their mistaken efforts to promote economic development in the LDCs.

Much of the frustration of efforts to speed economic development in LDCs can be attributed to misguided efforts to emulate the industrialized countries. The most important of these misguided efforts, supported or encouraged by LDCs, MDCs, and international agencies alike, is the policy of Import-Substitution Industrialization--ISI. Thinking to leap into the status of prosperous industrialism by promoting manufacturing industry, LDCs have raised barriers to manufactured imports and encouraged domestic manufacturing with subsidies and easy credit (much of the credit coming from MDCs and international agencies). The results are several, mostly bad. As with all protection of domestic industry, the consequences may be inefficient production and higher profits to owners. Also, a decrease in imports means a decrease in exports--exports of primary-product production which gives employment and income to the poor. Encouragement of domestic manufacturing often means higher prices for domestic manufactures than would be paid for imports, again disadvantaging the poor. If the domestic industry is to attain full efficiencies of scale, it may have to grow to a size that requires exporting, which may not be possible without continued subsidies, which could mean the LDC is subsidizing foreign buyers.

The misguided efforts of LDCs to leap into industrialization has been accompanied by their misguided efforts to change the international system of trade and finance. In 1974 the Declaration of a New Industrial Economic Order (NIEO) was adopted by the United Nations, with substantial support then and later not only by LDCs but also by many international organizations that include MDC participants and by nongovernmental groups in MDCs.

The NIEO program specifies a list of actions intended to improve the economic lot of LDCs. Loehr and Powelson (in a second volume, 1983) present the view that most of these measures are ill-conceived, having the effect, "for the most part,...of transferring resources from the poor to the rich" in the LDCs. Their analysis throws much light on actions that may or may not enhance the economic development of the LDCs.

1. Terms of Trade. The well-known "Prebisch thesis," named for the Latin American who publicized it in 1962, states that the "terms of trade" for the primary products of the LDCs have for a long period of time turned against the LDCs. That is, the purchasing power of the products of LDCs has continually declined in relation to the purchasing power of the products of the MDCs. Economists and political leaders in LDCs, but not

only in LDCs, have argued that this is the case and that something should be done to rectify this imbalance. Loehr and Powelson (1983, Chapter 2) note that there have been wide fluctuations in the terms of trade between the two types of products but deny that this has been a continuing long-term trend. But even if this thesis were true, the support of the prices of primary-product exports of LDCs would not be warranted, unless the purpose is to enrich the rich in the LDCs at the expense of the poor, since raising the price of primary products means raising the prices paid by the poor in both LDCs and MDCs. Support of primary-product prices would also have the effect of stimulating the production of these products, at the expense of encouraging the development of manufactured products, a development that usually contributes to economic growth.

2. Trade Preferences. A Generalized System of Preferences (GSP) has been in effect since the mid-70s, by which MDCs give preferential treatment--lower trade barriers--to the products of LDCs. The NIEO proposes continuation and extension of this system. GSP may have some good effects, in helping workers in primary-product production in LDCs. But it may also have some adverse effects, transferring income from the poor to the rich in LDCs. Increased access of primary products to foreign markets may increase the profits of the LDC owners of productive resources and may also have the effect of raising the prices of those products paid by the poor in the LDCs. In addition, if, as is the case in many LDCs, high tariffs are retained on the imports of manufactured goods, profits to owners of those productive facilities are increased, while the prices of those products to the LDC poor are raised. Further, the imbalance in trade that results from high exports and low imports means an accumulation of foreign exchange, in the hands of the rich, which may encourage spending for foreign luxuries and for foreign imports of machinery to produce and sell at higher prices the manufactured goods that are not imported because of the duties (Loehr and Powelson, 1981, Chapter 3).

3. Multinational Corporations. The NIEO pictures multinational corporations as entities that manipulate and prey on LDCs, and proposes a special code of conduct to govern them. Loehr and Powelson (1983, Chapter 4) analyze

sixteen charges frequently made against MNCs. When these charges are taken one by one, it appears that MNCs are far less formidable than is their reputation in the aggregate.

...(A)ll the unsavory tactics of MNCs are also practiced by large companies of national origin...(and) virtually all their unsavory practices are already either controlled by LDC governments or lie within their potential control.

4. International Monetary System. The NIEO calls for greater influence of LDCs over the international monetary system. Such a change would not necessarily be a bad thing, but it could also lead to inflation if, as is possible, the influence of the LDCs resulted in increases in the international money supply (SDR's, special drawing rights) through loans to LDCs in excess of the new production that is stimulated by the loans. Inflation means higher prices to the poor in both LDCs and MDCs. Also, loans to LDCs (as with all foreign loans) are in the control of the rich in the receiving countries, and, as past experience indicates, may lead to purchases of luxury goods rather than productive goods (Loehr and Powelson, Chapter 5).

5. The debts of LDCs to MDCs have increased enormously in recent years. NIEO proposes that

this debt should be renegotiated, rescheduled, or canceled at least in part.

There are two "catches" here. The first is that one has to be relatively rich to borrow in the first place; poor people can't borrow. Thus, debt cancellation is mostly a form of aid to the rich. The second "catch" is that the principal beneficiaries would be banks in New York, California, and Europe....We are uncomfortable about legitimizing debt cancellation as a regular feature of an international order.

Loehr and Powelson conclude that, perhaps not intentionally, NIEO has turned out to be a smokescreen that draws attention away from the need for internal reforms. Furthermore, all the international privileges demanded by NIEO (higher prices for commodity exports, debt cancellation, and greater foreign aid and investment) would favor the modern sector disproportionately and make the poor worse off (Loehr and Powelson, 1983, pp. 11-12).

The upshot of much of the two volumes by Loehr and Powelson is that many of the national and international efforts made to assist economic development have been misguided and that much of the thrust for such development must come about through internal social and political changes as well as by better-advised national and international economic efforts.

A similar emphasis on the primacy of domestic changes to promote economic growth is made by Gordon (1984). He argues that foreign capital is not essential to economic development, but that domestic capital develops

pari passu with economic development. Lack of development is more often attributable to the misuse of capital than the shortage of capital.

Those with the power to allocate funds in the underdeveloped countries have too frequently played the pecuniary (financial) game rather than the industrial (production) game with the funds they have obtained...Resources potentially available for capital creation have gone into financing consumption (especially of the high-living variety), into the acquisition of foreign balances,... into financing commodity speculation, and into bidding up the price of land (p. 296).

Gordon also criticizes the common practice of LDCs of protecting new manufacturing industries with trade restrictions, which raises the price of the product in the domestic market--and makes competition in the world market less likely in the future. If "infant" industries are to be nurtured, it should be with subsidies, not import restrictions, which many economists have long argued and most candidates for infant-industry assistance have always resisted.

Perhaps the most fundamental of the many conditions or actions that are essential to or facilitative of economic development is the international transfer of technology. Gordon argues that the principal reason for the lack of such transfers to LDCs, historically and in the present, is the existence of local customs, laws, or behavior norms that inhibit assimilation of technology, rather than because the developed countries restrict the export of technology.

Assimilation, rather than availability, is the essential condition (p. 298).

In general the new technology of the Industrial Revolution between 1750 and 1900 was not actively withheld by northwest Europe from the rest of the world. But the societies of the Mediterranean, Latin America, Africa, and Asia failed to pick up and utilize that technology. Lack of capital was not the reason....

The assimilation of the new technology was inhibited in southern Europe by the Catholic Church and the Counter Reformation...in Latin America by the hacienda system, the educational system (and) the sequence of dictatorships (p. 299).

Gordon applies his thesis about technology transfers in a historical review of the countries that have and have not experienced economic growth in recent times, concluding that

the components of the major economic success stories of the past hundred years have been assimilating imported foreign technolo-

gies, institutional change, and little foreign investments, and little foreign dictation of the institutional arrangements guiding the process. The countries concerned, of their own volition, committed themselves to major social and institutional change and dominated that change process themselves (p. 305).

Much of the thrust of the foregoing discussion of relationships between MDCs and LDCs has been that lack of economic development is attributable more to the conditions within and the actions of LDCs than to action or lack of action on the part of MDCs. I believe this line of argument is essentially correct, but there is another aspect of the world economy that is very much in the control of the MDCs, particularly a few MDCs, and particularly the United States. This is the international trade and financial mechanism, with its power to shape and transmit economic forces that affect all trading nations. While the arguments of economists and the experience of all countries demonstrate the efficacy of international trade in promoting economic development and raising living standards, trade also subjects countries to the economic ills of other countries.

The U.S. is still the dominant force in the world. All countries, even Communist countries, measure their currencies against the dollar. Dollars make up three-quarters of all central bank reserves, 80 percent of all international bank loans, and 55 percent of all international trade invoices (Khindaria 1984, p. 327). The U.S. recession of 1980-82 had a damaging effect on much of the rest of the world, and the recent and current high U.S. interest rates, brought about by lowered taxes and burgeoning military expenditures, is causing financial difficulties throughout the world--raising interest rates, absorbing foreign capital, and contributing to the current debt crisis of LDCs, which in turn threatens the solvency of banks in the U.S. and other MDCs.

The power of the U.S. for economic good or ill in the world is also important in another closely related area--militarization.

Factual Issues

How and to what extent did the colonial powers "exploit" the LDCs in the 19th century? In the 20th century, up to World War II?

How do the economic and social conditions of LDCs that were formerly colonies compare with their economic and social conditions now?

How available is modern technology to the LDCs? What barriers are there to the transmission of technology?

How much and what kinds of assistance have MDCs given to LDCs since World War II?

Causal Issues

Why did colonialism, so sought after and common from the 15th through the 19th centuries, almost die out in the 20th century?

How, and to what extent, if at all, did periods of colonial rule contribute to the poor social and economic conditions of today's LDCs? What legacies did the colonial powers leave behind?

How, and to what extent, if at all, has economic development in LDCs been hindered rather than helped by efforts to imitate the economic structures of MDCs?

If LDCs have followed unproductive development paths based on efforts to imitate the economic structures of MDCs, why has this been done?

Values Issues

Do LDCs that are former colonial powers "owe" assistance to LDCs because of former real or alleged exploitation of the colonies?

To what extent should aid given by MDCs to LDCs, unilaterally or through international organizations, be controlled by stipulations of the MDCs, as opposed to control by the LDCs?

Should MDCs make technological knowledge freely available to LDCs, without royalties or other considerations of profit and without regard to military considerations?

Militarization, the Arms Race, and the Arms Burden

Between World Wars I and II, there was much soul-searching among the nations that had participated in World War I concerning the causes of war. One of the causes, or at least a catalyst, was identified as producers of munitions who sold their products to whoever would pay the price. They were castigated as "merchants of death." In the present large world market in arms there is little or no such concern shown. Russia and the United States lead the world in producing arms for their own arsenals as well as exporting billions of dollars in weapons to other nations; France, the

United Kingdom, and West Germany also participate heavily in the production and export of arms, with 15 or so other countries also in the business of selling arms abroad. On the purchasing end, heavy buyers are Syria, Libya, Saudi Arabia, Egypt, Iraq, and Israel with many others buying in smaller quantities.

Many of the arms being sold on the international markets are being put to immediate use. Dozens of countries are now engaged in civil or international wars, or have been in recent years. Efforts at peacemaking by means other than arms seem to have faded into the dusk, as the United Nations has been weakened by unilateral actions of the major powers and relegated to less important tasks than peacemaking.

Factual Issues

How much is being spent on armaments by the USSR, the U.S., and other nations, in absolute terms and relative to wealth and income? How comparable or noncomparable are these figures, with respect to military power, when put in terms of money spent?

Which countries are the major exporters of arms? Which are the major importers?

To what extent are arms supplied by the major arms exporters to their allies, to neutral countries, to hostile countries?

Causal Issues

To what extent, if any, do countries in the Western bloc spend less for arms because the U.S. is spending heavily?

To what extent do countries export arms for economic reasons (e.g., to get foreign exchange or to reach efficient levels of production)? for political and ideological reasons (to support allies or countries with similar systems or beliefs)?

Is it true, as is sometimes asserted, that spending for arms "creates" many fewer jobs than does spending for other goods, such as consumer goods?

Values Issues

Is the increased security of the Western bloc worth the costs that have been and are being incurred, in terms of money spent for arms and decreased opportunities for international trade?

If it is true, as sometimes asserted, that Western European countries and Japan spend less for arms because the U.S. is spending heavily, is it "fair" for the burden to be thus distributed?

Should the present U.S. policy of spending heavily for arms and permitting a large government deficit to finance those expenditures be modified because other nations complain that they are hurt by our high interest rates (which attract funds to the U.S. rather than leaving them for productive purposes at home)?

If Peace Should Break Out

A movement away from the current threats and actuality of war around the world would immediately relieve the death and suffering that accompanies wars, as well as releasing resources for current consumption, for investment in human capital by way of education and health measures, and for investment in research and physical capital. Essential to such a movement is a change from the thought habit of resolving disputes by military threats and war to modes of peaceful conflict resolution, preferably through international agencies. Obviously, Russia and the United States, being the leaders in the arms race and the use of threats and military action as solutions to conflict, have the greatest potential for turning the world around from reliance on the military to reliance on other means of solving conflicts. They could be aided by appropriate urging of their allies.

Factual Issues

If changes in the world scene would lead to a reduction by half of world arms expenditures, how much money would be made available for other uses?

How have the economic problems of conversion to peacetime been managed in the U.S. in the past--notably after World Wars I and II?

What contingency plans for major reductions in arms expenditures are now being made in the U.S.?

Causal Issues

If arms expenditures in the U.S. were reduced by half in a short period of time, how many workers would lose their jobs?

If arms expenditures in the U.S. were reduced by half, what impact would this have on communities where large numbers of persons are employed in military production?

What kinds of measures are effective in facilitating conversion from military production to other kinds of production?

Values Issues

What are the most desirable ways of using the resources that would be released by a large reduction in military expenditures?

What measures, if any, should be taken to compensate companies and individuals who would be harmed economically by a sharp reduction in military outlays?

If a substantial portion of the resources released by worldwide reduction in arms expenditures were made available to international agencies, what would be the most desirable uses of these funds?

World Problems and American Education

The study of other parts of the world is not neglected entirely in American education. In the early grades, there is some coverage of the geography of the world and of the nature and customs of people in other worlds, but little about urgent world problems. At the secondary level, pertinent international facts and problems may appear in texts on U.S. history (especially dwelling on wars in which the U.S. has participated), U.S. government (with respect to foreign policy and foreign affairs), and economics. But international matters are typically left to the last two or three chapters, and might not be reached before the semester ends. Texts on world history have a much wider geographic scope, but usually give most of their space to history itself, beginning with Greco-Roman history or earlier, stressing our European heritage, and coming to modern world problems in the last few chapters.

Fortunately, American educators do not all share the general lack of concern about world affairs. There have always been individuals and organizations engaged in preparing good materials on world affairs and working for their inclusion in the school curricula. In recent years, particularly, there has been a strong effort to infuse "global perspectives" into the curriculum. But the work of these individuals and organizations, while

influencing many schools and educators, have never found their way into the mainstream of U.S. social studies. It is mostly "supplemental material," to be covered, if at all available, at the option of the teacher.

In addition to being neglected in American education, world affairs and relations with other nations are often treated poorly, lacking in accuracy, analysis, and objectivity. Saltonstall (1978), in an analysis of 186 U.S. textbooks in U.S. history, world history, economics, and other social studies texts, concluded that

U.S. history texts are found to be the most chauvinistic in their portrayal of the American democratic model of development, their definitions of U.S. responsibility based upon the threat of communism, and their failure to recognize the relationship between poverty and the international world order. World history texts present more balanced political perspectives but rely on ambiguous discussions to avoid controversial points of view....Economics texts are the most likely to ascribe the causes of poverty to factors indigenous to low-income nations....Anthropology texts are the most likely to encapsulate cultures for study and to ignore their political and economic relationships with other cultures....

...(T)he function and implications of the predominant explanations of poverty are seen to strengthen the Western capitalist ideology...fostering a consciousness that serves to maintain the existing political and economic order.

In a study for the Hudson Institute, Newitt analyzed 63 basal textbooks from 18 publishers for their bearing on the limits-to-growth (Club of Rome) topics of population growth, food supply, resources, energy, environment, and economic development. Included in the sample were textbooks on U.S. history, economics, civics, geography, and world history. Focusing on the "adequacy" and "objectivity" of the texts with respect to these topics, the author finds them deficient in both. Treatments of population growth are criticized for failure to recognize recent decreases in growth rates. Facts about actual and potential food production and the availability of resources are found to be oversimplified and inadequate. But Newitt's most pervasive criticism is of the textbook authors'

Lack of objectivity...characteristically associated with a sense of urgency to change students' attitudes and behavior.

and

the tendency to elevate the objective of moral instruction above adherence to scholarly canons of empirical and theoretical formulation (Newitt 1983, pp. 9 and 11).

Why Have Controversy in the Classroom?

Some teachers may avoid controversy, especially controversy concerning important issues of politics, economics, and religion, for several reasons. Controversy may stir up animosity among students, it may be difficult to manage intellectually, and it may cause trouble with school authorities, important people in the community, or the community at large.

But the reasons for permitting or even seeking controversy far outweigh the reasons for avoiding controversy, if the teacher's interest is in preparing students for lives as effective individuals and useful citizens. Dealing with controversial issues in the classroom may serve the purposes of evoking student interest and making a lively class, goals that might be sought for their own sake. But the reasons for bringing controversy into the classroom go far beyond those worthy goals. Dealing with controversy, much more than other modes of teaching, can sharpen students' intellect and develop healthy skepticism, conflict management skills, research skills, and self-knowledge (ERIC Clearinghouse, 1983).

There are, of course, difficulties of various kinds that may attend the introduction of controversy into the classroom. Controversy on really significant issues may bring complaints from school officials, parents, and the community, since significant issues will have strong proponents on two or more sides. Teachers may have to defend their work against criticism and may run the risk of censure or even loss of position. The difficulties within the classroom are of a different nature. The necessary preparation for dealing with important issues puts heavy demands on students and teachers and, because of this, there is danger of superficiality and trivial treatment of the issues, of the clash of unsupported opinions and unwarranted conclusions.

The Management of Controversy

Much is known about methods for handling controversy in the classroom. There is a long tradition of approaches to "problem-solving," pointing to the need to define the issues, examine alternatives, investigate promising alternatives, and take and defend a position, citing sources and evidence. Students can give presentations of opposing views, with the stimulating alternative of switching sides and supporting views in which they do not believe. Outside speakers may be brought in to present opposing views. In

planning class work on controversial issues, community members can be involved in planning and carrying out plans, an approach that may enrich the class work and have the incidental but important effect of diminishing community opposition to consideration of sensitive issues. Additional management principles are well known: teachers should keep the focus of controversy on issues, not on people, should introduce procedures to involve all students in good listening habits, and should encourage respect for the views of others. As a practical matter, teachers need to know how much the students and the community can "take." If a teacher wishes to tread beyond the tolerance limits of students and community, he or she needs to know what those tolerance limits are.

Conclusion

The foregoing analysis indicates that, while the U.S., along with other MDCs, has a powerful influence on the world economy, a major responsibility for economic progress lies within the LDCs. Nevertheless, it is important that efforts be made to alleviate the ignorance of world economic problems to which former Chancellor Schmidt referred. A succinct diagnosis of the shortcomings of American education in this respect and a brief prescription for alleviating the deficiency is given by this abstract of a review of "global education" in the U.S.

While American schools have long offered some kind of international education, the approach to this topic has been characterized by a Western orientation, a nationalistic perspective that conveys the superiority of the United States, an omission of information about other cultures, a message that all people are the same, and an elitist focus. Such approaches to international education are no longer consistent with the needs of an interdependent world. Global education, the effort to foster a world view and a realization of the interconnectedness of people, is a necessity, given the context of changes in social, economic, and political structure of the world. This approach emphasizes interdependence, diversity, empathy, multiple loyalties, cooperation, human rights, participation, change, and conflict management (Falkenstein, 1983).

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